

1 Christopher A. Seidl (*pro hac vice*)  
CSeidl@RobinsKaplan.com  
2 John K. Harting (*pro hac vice*)  
JHarting@RobinsKaplan.com  
3 **ROBINS KAPLAN LLP**  
4 800 LaSalle Avenue, Suite 2800  
Minneapolis, MN 55402  
5 Telephone: 612-349-8500  
Facsimile: 612-349-4181  
6 *Counsel for Defendants*  
7 INVT SPE LLC  
INVENTERGY GLOBAL, INC.

8 *Additional Counsel Listed on Signature Page*

10 **UNITED STATES DISTRICT COURT**  
11 **NORTHERN DISTRICT OF CALIFORNIA**

13 INTEL CORPORATION and APPLE INC.,

14 Plaintiffs,

15 v.

16 FORTRESS INVESTMENT GROUP LLC,  
FORTRESS CREDIT CO. LLC, UNILOC  
17 2017 LLC, UNILOC USA, INC., UNILOC  
LUXEMBOURG S.A.R.L., VLSI  
18 TECHNOLOGY LLC, INVT SPE LLC,  
INVENTERGY GLOBAL, INC., and IXI IP,  
19 LLC,

20 Defendants.

Case No. 3:19-cv-07651-EMC

**DEFENDANTS INVT SPE LLC AND  
INVENTERGY GLOBAL, INC.'S  
SUPPLEMENTAL REPLY BRIEF IN  
SUPPORT OF DEFENDANTS' JOINT  
MOTION TO DISMISS AND TO STRIKE  
PLAINTIFF INTEL'S SECOND  
AMENDED COMPLAINT**

Hon. Edward M. Chen

**[REDACTED VERSION]**

1 As this Court recognized, to succeed on their only remaining claims—which are based on  
2 what this Court referred to as Plaintiff’s “Patent Aggregation Theory”—Intel must show that the  
3 alleged supracompetitive pricing **was the result of** alleged aggregation. *See, e.g.*, Dkt. 229 at  
4 24:11-12; *id.* at 26:25-27:2. As to INVT and Inventergy, the only supracompetitive pricing alleged  
5 in Intel’s Second Amended Complaint (“SAC”) is by reference to two licensing letters, one from  
6 January 2015 and the other from June 2018. SAC at ¶¶ 128-130. INVT/Inventergy’s opening  
7 Supplemental Brief explains how those two letters show the opposite of supracompetitive royalty  
8 demands as a result of aggregation, instead evidencing licensing offers for specific standard  
9 essential patents (“SEPs”) calculated to reflect INVT/Inventergy’s *pro rata* share of the 3G and  
10 LTE standards. Dkt. 246.

11 Intel’s opposition does not dispute that those letters show a *pro rata* calculation. In fact, in  
12 responding to INVT/Inventergy’s Supplemental Brief, Intel admits that those two letters “relate  
13 only to claimed SEPs,” whereas the three specific INVT/Inventergy patents identified in the SAC  
14 are non-SEPs. Dkt. 256 at 3:12-13. Thus, Intel asserts that the letters, and the offered royalty rates  
15 reflected therein, are “**irrelevant**” to Intel’s remaining claims. *Id.* at 3:11; *see also id.* at 3:17-20  
16 (“Because neither letter encompasses non-SEPs, neither is relevant to assessing whether  
17 Defendants have been able to demand inflated royalties for the ’579, ’242, or ’620 patents as a  
18 result of competition eliminated through the challenged acquisitions.”).<sup>1</sup>

19 INVT and Inventergy agree. Indeed, based on Intel’s own admission (and thus setting  
20 those two letters aside), Intel has no evidence whatsoever upon which it can plausibly allege  
21 **supracompetitive pricing** as to the ’579, ’242, or ’620 patents **as a result** of alleged aggregation of  
22 patents by INVT and Inventergy. To the contrary, Intel admits that those three patents are outside  
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24 <sup>1</sup> Intel’s opposition, however, misstates INVT and Inventergy’s argument as what the two  
25 licensing letters show. INVT/Inventergy’s argument is **not** that there is no supracompetitive  
26 royalty demand because the “[REDACTED].”  
27 Dkt. 256 at 2:18-22. Rather, INVT/Inventergy’s argument is that the calculation shown in the two  
28 letters demonstrates the offered rates were tied to specific standard essential patents and calculated to  
reflect INVT/Inventergy’s *pro rata* (proportional) share of patents essential to the 3G and LTE  
standards, which is the opposite of a rate based on aggregation. Dkt. 246 at 1-4.

1 the scope of INVT/Inventergy’s only prior offers, as the offers were limited to SEPs. Dkt. 256  
2 at 3:12-16. Without reference to the royalty rates offered in the two letters, Intel is left with no  
3 evidence whatsoever of any alleged supracompetitive prices offered by INVT or Inventergy, let  
4 alone supracompetitive prices as a result of aggregation. On this basis alone, Intel’s SAC should  
5 be dismissed with prejudice as to both INVT and Inventergy.

6 In a blatantly improper attempt to shift theories, obfuscate, and avoid dismissal, Intel now  
7 alleges—for the first time in its opposition brief—that its claims against INVT and Inventergy are  
8 not based on alleged supracompetitive royalties. Instead, Intel alleges “the letters *show that*  
9 *Inventergy/INVT are willing to assert patents*, and [Intel is] therefore suffering continuing  
10 antitrust injury as a result of the illegal patent acquisition scheme.” *Id.* at 3:20-22. As this Court  
11 previously ruled, simply alleging a patent holder is willing to assert patents, without more, and  
12 where those patents have not actually been asserted, cannot establish “standing to assert antitrust  
13 claims . . . .” Dkt. 229 at 1:1-23 (dismissing previously defined “Product Markets (10)-(13)” with  
14 prejudice).

15 Here, the evidence in front of this Court shows INVT/Inventergy has never made any  
16 assertion at all against Intel based on the identified three patents. To the contrary, the two letters  
17 show INVT/Inventergy only ever offered royalties on SEPs, and the SAC contains no allegations  
18 to the contrary. Dkt. 247, Ex. 24; Ex. 25; Dkt. 256 at 3:13-16 (letters “have no bearing on . . .  
19 demands for those three **non-SEPs**.” (emphasis in original)).<sup>2</sup>

20 Indeed, even as to the three patents identified in the SAC, the SAC does not allege that  
21 Intel has been harmed by INVT or Inventergy in the corresponding markets, instead only  
22 identifying harm allegedly caused by other Defendants who have “targeted” Intel or Apple with  
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24 <sup>2</sup> Even more, such offers were only extended to Plaintiff Apple, who recently filed a notice  
25 of dismissal with prejudice as to both INVT and Inventergy. Dkt. 263. The record is devoid of any  
26 evidence or allegations that INVT or Inventergy ever even approached Plaintiff Intel on any  
27 patent, let alone indicated suit would be filed against Intel. To that end, neither INVT nor  
28 Inventergy were even named as Defendants in the original complaint filed only by Plaintiff Intel.  
*Intel Corp. v. Fortress Investment Group LLC et al.*, No. 5:19-cv-06856, Dkt. 1 (N.D. Cal. Oct.  
21, 2019).

1 their own patents. SAC at ¶¶ 174 (as related to purported market containing the '579 patent), 354  
2 (as related to purported market containing the '242 and '620 patents). Moreover, while Intel fails  
3 to expressly address this Court's concerns regarding the significance of the '579, '242, or '620  
4 patents in their purported markets (e.g. whether such patents are the "crown jewels" in the field or  
5 just one of many potential substitutes), by confirming their claims no longer address SEPs, Intel  
6 indicates its belief that the significance is low.

7 Intel's three remaining claims against INVT and Inventergy all rise and fall based on  
8 Intel's ability (or inability) to plausibly assert that the rates offered by INVT/Inventergy were the  
9 result of the aggregation of substitute patents. Intel's admission that the only patents still at issue  
10 are non-SEPs, and that INVT/Inventergy have never asserted non-SEPs against Intel (either via  
11 letter or lawsuit), confirms Intel's failure to meet that burden. Intel's untimely attempt to change  
12 theories to an alleged harm based on "willingness to sue" also fails to meet the "plausibility"  
13 standard where the only evidence of record entirely undermines Intel's assertions. Intel's  
14 remaining claims against INVT and Inventergy must be dismissed with prejudice. *See Cook,*  
15 *Perkiss & Liehe, Inc. v. N. Cal. Collection Serv. Inc.*, 911 F.2d 242, 247 (9th Cir. 1990) (leave to  
16 amend is inappropriate when "the pleading could not possibly be cured by the allegation of other  
17 facts.").

1 Dated: July 8, 2021

Respectfully submitted,

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ROBINS KAPLAN LLP

By: /s/ Christopher A. Seidl  
Christopher A. Seidl (*pro hac vice*)  
CSeidl@RobinsKaplan.com  
John K. Harting (*pro hac vice*)  
JHarting@RobinsKaplan.com  
**ROBINS KAPLAN LLP**  
800 LaSalle Avenue, Suite 2800  
Minneapolis, MN 55402  
Telephone: 612 349 8468  
Facsimile: 612 339-4181  
*Counsel for Defendants*  
INVT SPE LLC  
INVENTERGY GLOBAL, INC.

Steven Carlson  
SCarlson@RobinsKaplan.com  
**ROBINS KAPLAN LLP**  
2440 West El Camino Real, Suite 100  
Mountain View, California 94040  
Telephone: (650) 784-4012  
Facsimile: (650) 784-4041

William V. Reiss (*pro hac vice*)  
WReiss@RobinsKaplan.com  
**ROBINS KAPLAN LLP**  
399 Park Avenue. Suite 3600  
New York, NY 10022  
Telephone: 212-980-7400  
Facsimile: 212-980-7499

*Counsel for Defendants*  
INVT SPE LLC  
INVENTERGY GLOBAL, INC.